Role of promotors in business ventures

5984. SHRI YERRA NARAYANASWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have redefined the role of Indian promotors and foreign promotors in various business ventures;

(b) if so, what are the distinctions outlined;

(c) whether it is a fact that such distinctions are leading to diffidence in foreign investors; and

(d) what is the reaction of Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) No, Sir.

(b) to (d) Do not arise.

Policy for Foreign Promotion

5985. SHRI GUNDAPPA KORWAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have drawn up any long term plan or policy to study ways to deal and transact with foreign promoters whose investments date back to the pre-Liberalisation era;

(d) if so, the details of such proposals;

(c) whether it is a fact that Government are not giving any incentives to foreign investors who have been in this country for many decades; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) No, Sir.

(b) to (d) Do not arise.

Investment in Equity by Financial Institutions

5986. SHRI GUNDAPPA KORWAR: Will the Minister of FINANCE be pleased to state:

(a) what is the economic philosophy behind the investments in equity by large financial institutions like ICICI, IDBI and IFC in industrial units;

(b) whether industrial development was one of the objectives of investments of such large financial institutions;

(c) if so, whether there is any turnover in the investments of such financial institutions;

(d) what are the reasons for such financial institutions holding on to equity shares in blue chip companies;

(e) whether it would make more economic sense for IDBI, ICICI and IFCI to withdraw their equity in old units and reinvest them in new greenfield ventures; and

(f) the reaction of Government to such issues involving financial institutions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Industrial Development Bank of India (IDBI) has reported that financial institutions (FIs) such as IDBI, Industrial Finance Corporation of India Ltd. (IFCI) and Industrial Credit & Investment Corporation of India Ltd. (ICICI) invest in equity of industrial unit as a part of their normal project financing operations. The magnitude in investment in equity of industrial units depends upon the means of finance of the project and the commercial assessment of the institutions.